

October 2, 1996

D.P.U. 96-2C

Application of Cambridge Electric Light Company:

- (1) under the provisions of G.L. c. 164, § 94G, as amended by St. 1981, c. 375, and the Company's tariff, M.D.P.U. No. 549, for approval by the Department of Public Utilities of a change in the quarterly Fuel Charge to be billed to the Company's customers pursuant to meter readings in the billing months of October, November and December 1996.
- (2) for approval by the Department of rates to be paid to Qualifying Facilities for purchases of power pursuant to 220 C.M.R. § 8.00 and M.D.P.U. No. 404. The rules established in 220 C.M.R. § 8.00 set forth the filings to be made by utilities with the Department, and implement the intent of sections 201 and 210 of the Public Utility Regulatory Policies Act of 1978.
- (3) for approval by the Department of the actual unit by unit and system performance of the Company with respect to each target set forth in the Company's approved performance program for the performance year 1995-1996.

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FOR:  
CAMBRIDGE ELECTRIC LIGHT COMPANY

Petitioner

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BY: Jerry J. J. Hsu  
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Regulated Industries Division  
Public Protection Bureau  
200 Portland Street  
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Intervenor

## I. INTRODUCTION

On September 5, 1996, pursuant to G.L. c. 164, § 94G and 220 C.M.R. §§ 8.00 et seq., Cambridge Electric Light Company ("Cambridge" or "Company") notified the Department of Public Utilities ("Department") of the Company's intent to file a quarterly change to its fuel charge in conformance with its Fuel Charge rate schedule, M.D.P.U. 549, and to its Qualifying Facility ("QF") power purchase rates in conformance with its Power Purchase rate schedule, M.D.P.U. 404. The Company requested that both these changes be effective for bills issued pursuant to meter readings for the billing months of October, November and December 1996. In addition, the Company seeks approval of the Company's generating unit and system performance with respect to the Company's performance programs for the performance year 1995-1996.

Cambridge, a wholly owned subsidiary of Commonwealth Energy System ("ComEnergy"), serves approximately 44,700 retail customers in the City of Cambridge, and sells power at wholesale to the Belmont Municipal Light Department. ComEnergy is an exempt holding company under the Public Utility Holding Company Act of 1935. ComEnergy's other subsidiaries, affiliates of Cambridge, include Commonwealth Electric Company ("Commonwealth"), Canal Electric Company ("Canal")<sup>1</sup>, Commonwealth Gas Company and Commonwealth Energy Service Company ("ComEnergy Service"). Cambridge operates several small oil/gas-fired generating units and has contractual interests in Canal Unit 1 and Canal Unit 2, two large oil-fired units owned by Canal.

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<sup>1</sup> The electric operating subsidiaries are referred to collectively as "ComElectric."

Pursuant to notice duly issued, a public hearing on the Company's application was held on September 25, 1996 at the Department's offices in Boston. Notice of the hearing was published by the Company in the Boston Globe. The Company also complied with the requirement to mail a copy of the notice of the hearing to all persons with whom the Company has special retail contracts that do not incorporate a filed rate, and to notify all intervenors and their respective counsel from the Company's prior two fuel charge proceedings that it was proposing an adjustment to its fuel charge. The Company was also required to inform all intervenors of the date of the public hearing. The Attorney General of the Commonwealth intervened as of right in this proceeding pursuant to G.L. c. 12, § 11E.

At the hearing, the Company sponsored two witnesses: Charles R. Fox, Jr., senior rate analyst in rate administration at ComEnergy Services, and Michael R. Kirkwood, director of resource planning and administration for ComElectric. Five exhibits were admitted into evidence: the prefiled testimony of Mr. Fox (Exh. CELC-1); schedules in support of Mr. Fox's testimony (Exh. CELC-2); bills and contracts for fuel oil supplies, purchased power, and transmission services for June, July and August 1996 (Exh. CELC-3); the prefiled testimony of Mr. Kirkwood (Exh. CELC-4); and schedules in support of Mr. Kirkwood's testimony (Exh. CELC-5).

## II. PERFORMANCE REVIEW

The Company acknowledged that actual generating unit performances did not meet the targets established for the Company's performance programs for the performance year 1995-1996

(Tr. at 7). Pursuant to G.L. c. 164, § 94G, the Department has continued the hearings to investigate the variance between the established targets and actual generating unit and system performance.

### III. FUEL CHARGE

On September 18, 1996, the Company filed with the Department its proposed changes to its fuel charge and QF power purchase rates for October, November and December 1996. For these billing months, the Company proposed a fuel charge of \$0.03456 per kilowatt hour ("KWH"). The proposed fuel charge is \$0.00250 per KWH higher than the fuel charge of \$0.03206 per KWH approved by the Department in Cambridge Electric Light Company, D.P.U. 95-2B (1996) for meter readings for the billing months of July, August and September 1996 (Exh. CELC-1, at 5).

According to the Company, the most significant reason for the increase in the proposed fuel charge is that it will enter the fourth quarter with an estimated undercollection of \$311,916, which it proposes to recover in the proposed fuel charge for the fourth quarter (Exh. CELC-2, Sch. 1). The Company explained that the undercollection is mainly a result of higher actual energy costs than originally forecasted in the prior quarter because of an extended planned outage at Canal 2 (Tr. at 27-29). The Company went on to note that Canal 2 was out of service to convert the unit to burn gas and to install a new control system (id. at 30). The planned outage was extended because it took longer than anticipated to ensure that the unit's control panel was operational (id.). The Company explained that during the extended outage period, approximately three

weeks, the Company incurred higher energy costs when it replaced anticipated energy from Canal 2 with more expensive purchases from the New England Power Pool (id.).

In addition, the Company stated that billed sales for the October-December 1996 quarter, which historically has been a valley sales period due to moderate weather conditions, are projected to be 17,948,000 KWH less than the billed sales for the previous quarter (Exh. CELC-1, at 7). The Company explained that total costs spread over a lesser number of KWH in the October-December 1996 quarter have the effect of increasing the Company's fuel charge decimal (id.).

#### IV. QUALIFYING FACILITIES

Pursuant to the Department's rules, 220 C.M.R. §§ 8.00 et seq., rates to be paid to QFs for short-run power purchases are set with the same frequency as the fuel charge. A QF is a small power producer or cogenerator that meets the criteria established by the Federal Energy Regulatory Commission in 18 C.F.R. § 292.203(a) and adopted by the Department in 220 C.M.R. § 8.02.

Pursuant to 220 C.M.R. § 8.04(4), the Company is required to calculate short-run energy purchase rates on a time-of-supply basis for two rating periods: peak and off-peak. In addition, the Company is required to calculate a non-time-differentiated rate, i.e., a total period rate, which is a weighted average of the time-of-supply rates, where the weighting is a function of the number of hours in each rating period. See 220 C.M.R. § 8.04(4)(b). The Company is also required,

under 220 C.M.R. § 8.04(6)(b), to file its short-run capacity purchase rates, calculated on a KWH basis by voltage level, according to the formula in 220 C.M.R. § 8.04(6)(a).

The Company proposed the following standard rates to be paid to QFs during October, November and December 1996:

Energy Rates By Voltage Level (Dollars/KWH)

<u>Voltage Level</u>	<u>Peak</u>	<u>Off-Peak</u>	<u>Total</u>
13.8 KV	0.02864	0.02219	0.02316
Primary	0.02915	0.02259	0.02357
Secondary	0.02956	0.02291	0.02391

(Exh. CELC-4, Sch. 1, at 1).

<u>Voltage Level</u>	<u>Short-Run Capacity Rates (Dollars/KWH)</u>
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13.8 KV	0.04610
Primary	0.04708
Secondary	0.04753

(id. at 9).

## V. FINDINGS

Based on the foregoing, the Department finds:

1. that the fuel charge to be applied to Company bills issued pursuant to meter readings for the billing months of October, November and December 1996, shall be \$0.03456 per KWH. (The calculation of the fuel charge is shown in Table 1 attached to this Order.)

2. that the QF purchase rates for October, November and December 1996, shall be the rates set forth in Section IV, above.

3. that the hearing will be continued for further investigation of the variance between the established targets and actual generating unit and system performance for 1995-1996.

#### VI. ORDER

Accordingly, after due notice, hearing and consideration, it is

ORDERED: That the Cambridge Electric Light Company is authorized to put into effect a quarterly fuel charge of \$0.03456 per KWH as set forth in Section V, Finding 1 of this Order for bills issued pursuant to meter readings for the billing months of October, November and December 1996, subject to refund; and it is

FURTHER ORDERED: That the fuel charge approved herein shall apply to kilowatthours sold to the Company's customers subject to the jurisdiction of the Department and shall be itemized separately on all such customers' electric bills; and it is

FURTHER ORDERED: That the Company's Qualifying Facility power purchase rates for the billing months of October, November and December 1996, shall be those set forth in the Table on Page 5 of this Order; and it is

FURTHER ORDERED: That the Company, in all future fuel charge proceedings, shall notify all intervenors and their respective counsel from the Company's prior two fuel charge proceedings that it is proposing an adjustment to its fuel charge, and shall also notify these persons of the date scheduled for the hearing on the proposed fuel charge at least ten days in advance of the hearing; and it is



FURTHER ORDERED: That the Company, in all future fuel charge proceedings, shall provide all intervenors and their respective counsel from the prior two fuel charge proceedings with a copy of its fuel charge filing, in hand or by facsimile, on the same day it is filed with the Department; and it is

FURTHER ORDERED: That the hearing will be continued for further investigation of the variance between the established targets and actual generating unit and system performance for 1995-1996; and it is

FURTHER ORDERED: That, pursuant to G.L. c. 164, § 94G (a) and (b), fuel costs allowed by this Order are subject to such disallowance as the Department may determine in any subsequent investigation of the Company's performance period that includes the quarter applicable to the present charges.

By Order of the Department,

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John B. Howe, Chairman

Janet Gail Besser, Commissioner

Appeal as to matters of law from any final decision, order or ruling of the Commission may be taken to the Supreme Judicial Court by an aggrieved party in interest by the filing of a written petition praying that the Order of the Commission be modified or set aside in whole or in part.

Such petition for appeal shall be filed with the Secretary of the Commission within twenty days after the date of service of the decision, order or ruling of the Commission, or within such further time as the Commission may allow upon request filed prior to the expiration of twenty days after the date of service of said decision, order or ruling. Within ten days after such petition has been filed, the appealing party shall enter the appeal in the Supreme Judicial Court sitting in Suffolk County by filing a copy thereof with the Clerk of said Court. (Sec. 5, Chapter 25, G.L. Ter. Ed., as most recently amended by Chapter 485 of the Acts of 1971).